

Message Text

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SUBJECT: NORWEGIAN DELEGATION MARITIME VISIT

REF: OSLO 3199

1. SUMMARY. THE NORWEGIAN SHIPPING DELEGATION VISITING WASHINGTON SEPTEMBER 12 AND 13 WILL WISH TO DISCUSS: (1) THE POOLING AND PREFERENTIAL ACCESS AGREEMENTS APPROVED BY THE FMC BETWEEN U.S. LINES AND VARIOUS LATIN AMERICAN CARRIERS; (2) POSSIBILITIES OF ENACTMENT OF AND USG POLICY TOWARD A BILL NOW IN CONGRESS REQUIRING THAT 50 PERCENT OF ALL US OIL IMPORTS BE CARRIED ON US BOTTOMS; (3) EXPERIENCE UNDER AND THE PRECEDENT SET BY THE SOVIET/AMERICAN MARITIME AGREEMENT; AND (4) THE APPARENT SHIFT AWAY FROM NON-DISCRIMINATION IN AMERICAN SHIPPING POLICY. EMBASSY WOULD APPRECIATE FULL REPORT AND BACKGROUND MATERIAL ON THESE ISSUES. END SUMMARY

2. NORWAY IS CONCERNED BY THE PRECEDENT SET BY POOLING AND EQUAL ACCESS AGREEMENTS BETWEEN US AND VARIOUS LATIN AMERICAN CARRIERS COVERING GOVERNMENT CONTROLLED CARGO. THESE AGREEMENTS HAVE CREATED CONSIDERABLE HARDSHIP FOR THE NORWEGIAN-OWNED WESTFAL-LARSEN LINE. NORWEGIANS SAY THAT
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LATIN AMERICAN COUNTRIES INVOLVED HAVE ADOPTED AN EXCES-

SIVELY BROAD INTERPRETATION OF "GOVERNMENT CONTROLLED" SO THAT A VERY HIGH PROPORTION OF BILATERAL TRADE BETWEEN THE US AND THOSE COUNTRIES FALLS UNDER THE PURVIEW OF THE AGREEMENTS. THIS EFFECTIVELY ELIMINATES SHIPS FROM THIRD COUNTRIES SUCH AS NORWAY FROM PARTICIPATING IN MUCH OF THIS TRADE.

3. A BILL STIPULATING THAT 50 PERCENT OF ALL US OIL IMPORTS MUST BE CARRIED IN US BOTTOMS WAS DEFEATED LAST YEAR WITH THE HELP OF US INTERNATIONAL OIL COMPANIES, BUT A SIMILAR BILL INTRODUCED THIS YEAR AND WHICH ALSO PROVIDES FOR DUTY REDUCTIONS ON SUCH IMPORTS APPEARS TO HAVE A GREATER CHANCE OF SUCCESS. THE NORWEGIANS UNDERSTAND THAT UN INTERNATIONAL OIL COMPANIES ARE NOT ACTIVELY OPPOSING THE BILL BECAUSE OF THE DUTY REDUCTION PROVISION, AND THE NORWEGIAN GOVERNMENT HAS TOLD US OIL COMPANIES SEEKING OIL CONCESSIONS IN THE NORWEGIAN SECTOR OF THE NORTH SEA THAT THEIR OPPOSITION TO THE BILL AND ITS DEFEAT WILL BE AN IMPORTANT CONSIDERATION IN THE ALLOCATION OF FUTURE BLOCKS. NORWAY ALSO POINTS OUT THAT IF THE BILL IS ENACTED ARAB COUNTRIES MAY TAKE A CHAPTER FROM THE US BOOK AND INSIST THAT OIL BE CARRIED ON ARAB SHIPS.

4. NORWAY CONSIDERS THAT THE SOVIET/AMERICAN MARITIME AGREEMENT IS ANOTHER EXAMPLE OF GROWING BILATERALISM AND NATIONALISM IN US SHIPPING POLICY AND IS PARTICULARLY UNFORTUNATE SINCE TWO DEVELOPED COUNTRIES ARE INVOLVED. HIGH SHIPPING RATES AND CAPACITY USAGE HAVE MUTED NORWEGIAN CRITICISM BUT NOT CONCERN ABOUT THE PRECEDENT SET. THE NORWEGIAN DELEGATION WILL PROBABLY SEEK INFORMATION ON US EXPERIENCE UNDER THE AGREEMENT.

5. NORWAY IS CONCERNED ABOUT THE APPARENT SHIFT IN US SHIPPING POLICY AWAY FROM THE NON-DISCRIMINATION AS PROVIDED IN THE AMERICAN SHIPPING ACT, E.G., THE AGREEMENTS WITH LATIN AMERICAN CARRIERS AND THE USSR. THEY CONSIDER THIS SHIFT EVIDENCE OF GROWING AMERICAN ECONOMIC NATIONALISM AND ARE CONCERNED ABOUT ITS IMPLICATIONS FOR THE FURTHER LIBERALIZATION OF WORLD TRADE.

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6. ACTION REQUESTED: EMBASSY WOULD APPRECIATE FOR USE IN DISCUSSION OF SHIPPING MATTERS WITH NORWEGIAN OFFICIALS A FULL REPORT ON THE DISCUSSIONS SEPTEMBER 12 AND 13 AS WELL AS BACKGROUND INFORMATION AND US POSITIONS ON THESE ISSUES. BUCHANAN

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